

100 years of
wonderful aroma
1913-2013



ANNUAL REPORT

2012-13



THE PERIA KARAMALAI TEA & PRODUCE CO LTD.





THE PERIA KARAMALAI TEA AND PRODUCE COMPANY LIMITED

CORPORATE INFORMATION

Board of Directors : Shri L.N. Bangur - Chairman
Smt. Alka Bangur - Managing Director
Shri Shreeyash Bangur - Deputy Managing Director
Shri R.L. Gaggar
Shri H.M. Parekh
Shri P.R. Ramakrishnan
Shri N. Swaminathan

Corporate Management Team : Smt. Alka Bangur - Managing Director
Shri Shreeyash Bangur - Deputy Managing Director
Shri Rohan Jhawar - Principal Executive
Shri S.K.Singh - Chief Executive Officer
Shri R.V.Sridharan - Chief Financial Officer &
Company Secretary

Registered Office : Panchratn, 286, Race Course Road
Coimbatore - 641 018 Tamil Nadu

Statutory Auditors : S. Krishnamoorthy & Co
Chartered Accountants
ICAI Regn. No. 001496S
Coimbatore

Cost Auditors : S. Mahadevan & Co.
Cost Accountants, Coimbatore

Bankers : Union Bank of India

**Registrar & Share
Transfer Agents** : M/s. SKDC Consultants Ltd.
Kanapathy Towers
1391/1-A, III Floor
Sathy Road, Ganapathy
Coimbatore - 641 006
Tel No. +91 (422) 6549995, 2539835, 2539836
Fax No. +91 (422) 2539837
Email: info@skdc-consultants.com



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NOTICE OF THE 100th ANNUAL GENERAL MEETING

NOTICE is hereby given that the 100th Annual General Meeting of the Company will be held at Hotel The Residency, 1076, Avinashi Road, Coimbatore - 641 018 at 10.30 a.m. on Wednesday, the 7th August 2013 to transact the following business.

ORDINARY BUSINESS

1. To receive and adopt the Director's Report, Audited Statement of Profit & Loss for the year ended 31st March 2013, Balance Sheet as at that date and the Auditor's Report thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri L.N. Bangur, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri P.R. Ramakrishnan, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint auditors in the place of retiring auditors and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modification, the following resolution as **Ordinary Resolution**.

"RESOLVED THAT Shri Shreeyash Bangur who was appointed as additional director at the meeting of the Board of Directors held on 5th November 2012 and who holds office up-to the date of the ensuing Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Shri Shreeyash Bangur as a candidate for the office of Director, be and is hereby appointed as Director of the Company".

7. To consider and, if thought fit, to pass with or without modification, the following resolution as **Ordinary Resolution**.

"RESOLVED THAT in accordance with Schedule XIII read with Section 198, 269, 309 and other applicable provisions of the Companies Act, 1956, the consent of the Company be and is hereby given for the appointment of Shri Shreeyash Bangur as Deputy Managing Director of the Company for a

period of three years with effect from 5th November 2012 as per the terms and conditions set out in the agreement and also in the Explanatory Statement annexed hereto."

By Order of the Board

R.V. Sridharan

Chief Financial Officer &
Company Secretary

Kolkata,
May 28, 2013.

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN HIS STEAD AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Proxies in order to be effective must be received at the registered office of the company not less than 48 hours before the commencement of the Annual General Meeting.
3. The Register of Members and the Share Transfer Books of the company will remain closed from 1st August 2013 to 7th August 2013 (both days inclusive).
4. The dividend when declared will be paid to those members whose name appears in the Register of Members as on 7th August 2013. In respect of shares held in electronic form, dividend will be paid on the basis of the beneficial ownership of the shares as on the closing business hours on 1st August 2013 as per details furnished by M/s National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.
5. Pursuant to section 205A (5) of the Companies Act, 1956, the company has already transferred unclaimed dividends for the year ended 31st March 2002 to the Investor Education and Protection Fund.
6. Members who have so far not encashed the dividend warrant(s) are requested to seek issue of duplicate warrant(s) to the Registrar and Share Transfer Agents immediately. Members are requested to note that no claims shall lie against the company or the said fund in respect of amounts which were unclaimed for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claim.



7. Members holding shares in physical form are requested to intimate changes, if any, in their registered address immediately to the Registrars & Share Transfer Agents. Members holding shares in dematerialized form are requested to notify such changes to their depository participants.

8. Members are requested to bring their copy of the Annual Report to the meeting.

9. The company's shares are listed in the following stock exchanges:

a) Madras Stock Exchange Limited
30, Second Line Beach
Chennai - 600 001

b) The Calcutta Stock Exchange Limited
7, Lyons Range
Kolkata - 700 001

The Company has paid the annual listing fee for the year 2013-14 to the Madras and Calcutta Stock Exchange.

10. Information required under the Listing Agreement.

(a) Shri L.N.Bangur, Promoter Director aged 63, hails from the Bangur family known in the trade and industry for over a century. Shri L.N.Bangur is a commerce graduate having experience in the field of trade and commerce for more than two decades. Shri L.N.Bangur has been associated with the company as Chairman since April 1988. He is the Chairman and Managing Director of Maharaja Shree Umaid Mills Limited. He is also a Managing Committee member of Mugneeram Ramcoovar Bangur Charitable & Religious Company.

He holds directorship in MSUM Texfab Limited, PKT Plantations Limited, M.B.Commercial Co. Limited, Amalgamated Company Limited, Placid Limited, The Kishore Trading Company Limited, Shree Krishna Agency Limited, The Swadeshi Commercial Company Limited, The General Investment Company Limited, Samay Books Limited, IOTA Mtech (P) Ltd., Manifold Agri crops (P) Ltd., and Sidhi Data Commercial Co. Ltd.

He holds 86,681 equity shares of ₹ 10 each in the company.

(b) Shri P.R.Ramakrishnan, independent director, aged 61 years is a graduate in commerce and law. He is an advocate and practicing law for the past 38 years in various courts including Madras High Court, District Courts and Debt Recovery Tribunal. His clientele include Indian Bank, Tamil Nadu Mercantile Bank, NTC, LIC other reputed corporate and institutions. He is a keen sportsman and past Ranji Trophy Cricketer. He represented Coimbatore District Cricket Team as Captain. He has been associated with the Company as director since 23rd June 2009.

He holds directorship in PKT Plantations Limited.

He holds 300 equity shares of ₹ 10 each in the company.

(c) Shri Shreeyash Bangur, Promoter Director aged 33 hails from the Bangur family. He is a graduate in Accounting and Management and Post Graduate in Engineering and Business Management having experience in the field of management and administration over 8 years. Shri Shreeyash Bangur has been associated with the Company since 2011.

He holds directorship in Placid Limited, Kiran Vyapar Limited, Navjoti Commodity Management Services Limited, Jubilee Hills Residency Limited, Sidhidata Solar Urja Limited, Sidhidata Tradecomm Private Limited, LNB Renewable Energy Private Limited, Janardan Wind Energy Private Limited, Palimarwar Solar Project Private Limited, Palimarwar Solar House Private Limited, Parmarth Wind Energy Private Limited, Manifold Agri crops Private Limited, Golden Greenaries Private Limited, Winsome Park Private Limited, Magma Realty Private Limited, Eminence Agrifield Private Limited, Anantay Greenview Private Limited, Satyawatche Greeneries Private Limited, Sarvadeva Green Park Private Limited, Subhprada Greeneries Private Limited, LNB Real Estates Private Limited.

He does not hold any share in the Company.

**Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956****Item No. 6**

Shri Shreeyash Bangur who was appointed as additional director with effect from 5th November 2012 pursuant to Section 260 of the Companies Act, 1956 read with Articles 124 of the Articles of Association of the Company, holds office upto the conclusion of the ensuing Annual General Meeting. In terms of Section 257 of the Companies Act, 1956, the company has received notice from a member along with a deposit of ₹ 500/- signifying his intention to propose the candidature of Shri Shreeyash Bangur for the office of Director.

Shri Shreeyash Bangur is an industrialist and his experience has seen him build skill sets that include an intensive exposure and understanding of business process, strategy planning and implementation, strong expertise in research, data analysis and implementation. He has also developed an exceptional cerebral understanding of business processes, excellent communication and people management skills.

Except Shri L.N.Bangur, Smt Alka Bangur and Shri Shreeyash Bangur, none of the directors is interested or concerned in the proposed resolution.

The Directors recommend the resolution for the approval of the shareholders.

Item No. 7

The Board of Directors of the Company at its meeting held on 5th November 2012 has appointed Shri Shreeyash Bangur as Deputy Managing Director in accordance with the provisions of Section 198, 309 and 269 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 and also approved the remuneration payable to him on the recommendations of the Remuneration Committee. An abstract of the terms of appointment together with the memorandum of interest is set out below:

1. **Term:** The tenure of the Deputy Managing Director shall be for a period of 3 years commencing from 5th November 2012.
2. **Salary:** ₹ 1,20,000 (₹ one lakh twenty thousand only) per month with such increments as may be determined by the Board of Directors of the Company from time to time in the salary range of ₹ 1,20,000/- to ₹ 1,50,000/-
3. **Commission:** Commission on net profits of the company in each year computed in accordance with Section 349 of the Companies Act 1956 subject to such limit as may be determined by the Board of Directors.
4. **Perquisites:**
 - a) In addition to salary and commission, Shri Shreeyash Bangur, Deputy Managing Director shall also be entitled to perquisites which shall not exceed 100% of his salary.
 - b) Leave in accordance with the rules applicable to the managerial staff of the Company. Encashment of unavailed leave as per rules of the Company.
 - c) Use of Company's car for official purposes, cell phone, and telephone at residence, encashment of unavailed leave at the end of tenure, contribution to Provident Fund, Superannuation Fund and Gratuity Fund will not be considered as perquisites.
 - d) Gratuity payable shall not exceed half a month's salary for each completed year of service or at the rate as may be modified from time to time.
 - e) In the event of loss or inadequacy of profits in any financial year, the Deputy Managing Director shall be paid remuneration by way of salary, allowances and perquisites as specified under Section II of Part II of Schedule III of the Companies Act, 1956 or within such ceilings as may be prescribed under Schedule III from time to time of the Companies Act, 1956 and as may be amended from time to time.
 - f) The Deputy Managing Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.



- g) The Deputy Managing Director shall be entrusted with substantial powers of management and shall exercise his powers subject to the superintendence, control and direction of its Board of Directors.
- h) The Deputy Managing Director shall not be subject to retirement by rotation while he continues in office.
- i) The appointment of three years may be determined by either party by giving three months' notice in writing to the other party.
- j) The appointment and remuneration payable shall be subject to the approval of the members in the ensuing Annual General Meeting.

None of the Directors except Shri L.N.Bangur, Smt. Alka Bangur and Shri Shreeyash Bangur is interested or concerned in the above appointment.

The Directors recommend the resolution for approval of the shareholders.

Kolkata,
May 28, 2013.

By Order of the Board
R.V. Sridharan
*Chief Financial Officer &
Company Secretary*



Statement as required in terms of Schedule XIII of the Companies Act, 1956 annexed to the Notice calling Annual General Meeting for approval of remuneration and terms and conditions of the appointment of Shri Shreeyash Bangur, Deputy Managing Director (please refer Resolution No. 7 of the Notice dated May 28, 2013)

I. General Information

1. Nature of Industry : Tea Plantation
2. Date or expected date of commencement of commercial production : Commencement of business on 5th July 1913
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus : Not applicable
4. Financial performance based on given indicators :

Financial performance of the company for the financial year 2012-13 and 2011-12 is as follows:

Particulars	2012-13	2011-12
Sales and other income	4237.37	10726.16
Profit before tax	177.22	7138.00
Profit after tax	142.73	6301.59
Paid up Equity Capital	309.59	309.59
Reserves & Surplus	9930.54	9860.25
Basic Earnings per share (₹)	4.61	203.55

5. Export performance and net foreign exchange earnings : Nil
6. Foreign Investments or collaborators, if any : Nil

II. Information about the appointee

1. Background details

- i. Age : 33 years
- ii. Academic qualification : Graduate in Accounting & Management from University of Wales, Cardiff, UK
Master of Science Science in Engineering Business Management from Warwick Manufacturing group, UK
- iii. Experience : Over 8 years of experience in the management and administration.
- iv. Particulars of previous employment : Director (Corporate) at The Andhra Pradesh Paper Mills Ltd. (now International Paper, USA) managing the entire marketing, human resource and IT functions of the company

Also held a management position in the Risk and Business Solutions division at Ernst & Young
- v. Date of approval of last appointment : Not applicable
- vi. Approval for increase in remuneration, if any : Not applicable



2. Past Remuneration

- | | |
|---|---|
| i. Remuneration | : The total remuneration drawn by Shri Shreeyash Bangur for the financial year 2012-13 was ₹ 13,25,680/- |
| ii. Remuneration payable in case of inadequacy of profits in any year | : In the event of absence or inadequacy of profits in any financial year salary, commission, allowances and perquisites would be paid as specified under Section II of Part II of Schedule XIII of the Companies Act, 1956. |
| 3. Recognition and awards | : -- |
| 4. Job profile and his suitability | : To exercise and perform all the powers and duties as the Board may determine from time to time. With his qualifications and experience, he has got the capability to improve the performance of the company and to bring in new ventures. |
| 5. Remuneration proposed | : Please refer Notice and explanatory statement attached thereto |
| 6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of her origin) | : The size of the company, profile of the managerial personnel may not be same and comparable. Taking into account the financial position of the company, trend in the industry, his qualification and experience set out in the resolution are considered to be just, fair and reasonable. |
| 7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any. | : Shri Shreeyash Bangur does not hold any share in the company and beside employment with company, he does not have any other pecuniary relationship directly or indirectly with the company. He is related to Shri L.N. Bangur, Chairman and Smt. Alka Bangur, Managing Director of the company. |

III. Other Information

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|--|---|
| 1. Reasons for loss or inadequate profits | : The performance of tea plantation is subject to external forces which are beyond the control of the company like unfavourable/adverse weather conditions, international tea market, availability of tea in domestic and international market etc. Hence, the profitability of the company may be affected. However, the company has been making consistent profits. |
| 2. Steps taken or proposed to be taken for improvement | : A major restructure of factory operations undertaken during last few years with focus on quality, improvement and cost reduction is expected to bring additional revenue for the company. |

IV. Disclosures

- | | |
|--|--|
| 1. Remuneration package of the Managerial Person and also of the Directors | : The same are disclosed elsewhere in the Annual Report for 2012-13. |
| 2. Service Contract, notice period, severance fees | : The appointment of Deputy Managing Director is contractual which can be determined by three months notice by either party. Except above, no other severance fees is payable. |

**DIRECTORS' REPORT**

Your Directors have pleasure in presenting the 100th Annual Report for the year ended 31st March 2013.

FINANCIAL RESULTS

₹ in lakhs

	2012-13 ₹	2011-12 ₹
Profit before interest, depreciation and tax	345.41	7307.11
Interest	11.48	34.46
Profit before depreciation	333.93	7272.65
Depreciation	156.71	134.65
Profit before Tax	177.22	7138.00
Provision for tax:		
Current tax	33.00	1513.00
Mat Credit Entitlement	—	(680.00)
Deferred tax liability	1.49	3.41
Profit after tax	142.73	6301.59
Add: Balance brought forward from previous year	1254.74	134.25
Profit available for appropriation	1397.47	6435.84
APPROPRIATIONS		
Proposed Dividend @ ₹ 2 per share	61.92	154.79
Tax on proposed Dividend	10.52	26.31
Transfer to General Reserve	10.70	5000.00
Surplus carried to Balance Sheet	1314.33	1254.74
Total	1397.47	6435.84

DIVIDEND

The Board of Directors is pleased to recommend a dividend of ₹ 2/- per share (last year ₹ 5/- per share) for the year ended 31st March 2013 which includes special dividend of ₹1/- per share for the Centenary Year.

OPERATIONS**PRODUCTION**

The Company harvested a higher crop of 38,11,713 kg in 2012-13 as against 34,69,114 kg in 2011-12 compared to same period last year. The increase in crop was due to adoption of better cultural practices, timely application of manure and efficient deployment of labor.

PRICE & SALES

Your company's average tea price was at its best ever realizing ₹ 100.91 per kg against ₹ 75.74 per kg realized last year. The increase is about 33% compared to last year. Favorable market scenario and quality output has lifted the average price to the new level. The Company has made a total Sales realization of ₹ 4008.93 lakhs compared to ₹ 2994.15 lakhs last year.

FUTURE PROSPECTS

Major Black tea producers Kenya and Sri Lanka have reported surplus production of 44 million kg and 8 million kg respectively in the first quarter of 2013. India has also reported a surplus crop of 4 million kg during the same period. This has created some pressure in tea prices to the disadvantage of the producers and the tea market is expected to go for a correction in the tea price in near future. With predictions of normal monsoon and barring some unforeseen circumstances, it is expected that the company will harvest a reasonable crop during the current year.

Increasing cost of labor is a worry for the tea industry. Recently, the State Government has notified the minimum wage at ₹ 185.50 per day with effect from 24.04.2013. Further, the industry wide wage agreement has been finalized and the base wage rate has been fixed at ₹198/- per day with effect from 1st July 2013. Cost of inputs especially fertilizer prices have gone up many fold and increase in HSD price will push up the power cost affecting the bottom line.

The tea bushes in most of the area have already outlived their economic life. To have a stable and sustainable growth, replanting of tea is inevitable. The Company hopes to start the replanting process from the next financial year onwards. People opting for quality tea are on the rise and therefore, there is always a demand for good liquoring tea. To capitalize on this demand, the